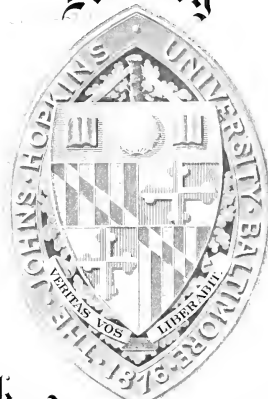


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-:- THE HISTORY OF JAPANESE PAPER CURRENCY. -:-

(1868-1890)

by

-:- MASAKOSHI TAKAKI, S. E. -:-

A Dissertation presented to the  
Board of University Studies  
of the Johns Hopkins University  
for the degree of  
Doctor of Philosophy.

1895.





-:- HISTORY OF JAPANESE PAPER CURRENCY -:-

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-:- THE HISTORY OF JAPANESE PAPER MONEY -:-

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-:- INTRODUCTION. -:-

According to historical records, the first paper money of Japan was issued as early as 1335 (Kamakura Period).<sup>1</sup> But particulars of the issue and characteristics of the paper money <sup>note</sup> are entirely unknown to us. It is generally believed, however, that this paper was not used in considerable amounts. (2) Even the Tokugawa Government itself never ~~used~~ during its long regime, <sup>never</sup> put into circulation a government issue, ~~it was~~ Only at the close of its power, in 1867 <sup>and</sup> it sanctioned paper money for the newly opened port of Kyojo; but this was withdrawn as soon as it was authorized. Hence, the paper currency issued by the government for the purpose of universal circulation throughout the Empire began with the Restoration in 1868. (3) Hence, governmental cur-

(1) Transactions of the Asiatic Society of Japan, vol. XX, supplement part 1, p. 1.

(2) Issued by the shogun as a means of payment for the purchase of goods in the market, it was not in general circulation, mainly in the local centers of trade. (Ibid., p. 166.)





ence, but a new institution and its establishment were effected in the midst of political confusion throughout the country, under indescribable difficulties in the way of carrying through this financial measure. But notwithstanding these difficulties, the financiers and statesmen of the time, by their integrity and honesty were able to establish a solid basis for the currency system and to complete the liquidation of all the inconvenient paper notes before two decades had elapsed. To-day Japan, so far as her financial system is concerned, stands among the best regulated nations of the world.<sup>4</sup> (1) It is the purpose of this monograph to trace the genesis, development and management of the Japanese paper currency, from the Restoration of the Imperial power in 1868 down to the establishment of Constitutional government in 1890.

-----

Kwan-hun (1611-1673), there existed another paper money issued by the Daimyos, but they were circulated only within the feudal territorial limits. See Count Matsukata's Report of 1890.

- (1) See the address of Mr. K. Watanabe, the Japanese Minister of State for Finance, at the Second Session of the Imperial Diet.



-:- CHAPTER I. -:-

-:- GENESIS OF PAPER CURRENCY. -:-

Before tracing the development of the paper currency system of Japan, in order that one may thoroughly understand the forces which compelled the government to issue the paper money, it is very necessary ~~also~~ to consider briefly, the condition of the country at the time when the Imperial power was restored and the present government was organized.

In the 12th month of Kieo (1868) the Imperial proclamation was made that his Majesty, the Japanese Emperor, dismissed Yoshinobu Tokugawa, at the request of the latter, from the office of Shogun. <sup>57</sup> (1) Thus, the Shogun ostensibly returned the ruling power which had been exercised by his family for more than two hundred and fifty years, to the hands of the Emperor who ~~was~~ <sup>is</sup> now to be the sole ruler of the country. But this surrender of the Shogun was merely nominal, for although the sovereign power was formerly <sup>fully</sup> transferred,

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(1) Translation of the proclamation is given in American Exchange Document, Diplomatic Correspondence, 1868-1869, p. 23.



Let the actual power over the dominion and subjects remained in the hands of the feudal nobles who still continued to exercise governmental powers within their own territorial limit. As it was impossible, however, for the Emperor to "fulfil his high office" unless he possessed ~~the~~ dominion and subjects, he sent an envoy to the Ex-Shogun and asked him to return such part of his revenue as had been allotted to him only as Shogun. (1) This proposition was refused by Yoshinobu who, however, signified his readiness to hand over to the Emperor a yearly income of a thousand <sup>7,2</sup> kokus (2) and to continue the former allowance of one hundred and fifty thousand kokus to the Imperial Court. "He further declared that he himself was ready to submit to the orders of the Emperor. But the Daigyo, Aida and Kiwana, resisted his wishes; lest there should be some violence committed by them, he would go to Osaka, dismiss them into their respective provinces and then return to Kyoto to await there the direction of the Imperial Court" (3)

6. (1) Meiji-Shi-Yo, Vol. I, p. 1.

7. (2) One Koku was about \$5.00 in value.

8. (3) American Executive Diplomatic Correspondence, 1868-69, p. 562.









1 state of confusion. "The great Yoda o Betsu in the  
ancient constitution", and Mr. O. de B. is famous for  
"is only a half accomplishment; but it is to be said that it was  
only condoned". (1) And every step of the reform undertaken  
and every measure adopted demanded colossal outlay by the  
government, but it had no means with which to meet this enormous  
expenditure. How far the financial embarrassments of  
the government extended, we can see from the letter of the  
Bureau of Finance to the Commander-in-Chief of the Imperial  
army who asked for a reinforcement of provisions. It says;  
"Although we acknowledge that the military funds are, at this  
crisis of the nation, of the most pressing need, yet as has  
been said before, the Treasury Bureau is, at present, an empty  
treasury: we have not means sufficient to meet even the ordinary  
expenses of the Bureau". (2) Mr. Muka (now Viscount Yuri)  
describing the financial condition of the government at that  
time, says; "A large army was in the field engaged in  
suppressing the rebellion but the government had no supplies  
to send them; every ear of rice in the land of 1000 was  
sent to the army".

7 (1) Mr. Okubo's Memorial, dated Jan. 25, 1868.  
10 (2) Mei-Ji-Sai-Sai, Vol. I, p. 109.



dying soldiers, but no means to take care of them existed; messenger after messenger from the Military head-quarters came with urgent pleas for re-enforcements, but the government had to send them back discouraged. The ~~great~~ <sup>112</sup> embarrassment of the government was beyond description." (1).

Examining the statistics of ~~the~~ government expenditure, we find that the extraordinary disbursement for that year alone reached the enormous figure of 25,000,000 yen, while the whole of the government revenue for that year from ordinary sources, amounted to no more than 3,000,000 yen. <sup>121</sup> (2)

Now the question which demanded of ~~the government~~ <sup>should the government</sup> an immediate solution was "How ~~to~~ <sup>to</sup> meet this enormous expenditure with an empty Treasury?" Many suggestive plans were

<sup>opportunities</sup> ~~made~~, but most of them were theoretical and not applicable to the situation. As the first step towards the solution of the problem, the government issued an Imperial decree three days after the declaration of the war, that "all the Tokugawa domains should hereafter be under the direct control of the Imperial power". <sup>133</sup> (3) This was theoretically a great

(1) noted in Mei-Ji-Shi-Tai, Vol. I., p. 11.

(2) A General Review of Financial Policy, 1895-1914, p. 11.

(3) Mei-Ji-Shi-Tai, Vol. I., p. 109.



...  
... towards its ~~un-~~<sup>re-</sup>stitution. The Government ~~was~~<sup>was</sup> ~~not~~<sup>not</sup> ~~able~~<sup>able</sup> to  
the Government, but economically ~~it~~<sup>it</sup> ~~is~~<sup>is</sup> not after all  
pecuniary aid towards the formation of a new government,  
since it was practically impossible for ~~an~~<sup>the</sup> administration  
to confiscate all the domains without putting itself in dan-  
ger of creating ~~many~~<sup>many</sup> riots ~~and~~<sup>and</sup> at a time when the empire was  
in ~~an~~<sup>an</sup> extremely unsettled condition. Even had it been possi-  
ble to ~~obtain~~<sup>collect</sup> all the arrears, the whole would not have suf-  
ficed to meet even ~~the~~<sup>the</sup> ordinary expenses ~~now~~<sup>now</sup>. As has been  
said before, the territorial nobility still continued to exer-  
cise the power of government ~~under~~<sup>making it impossible for</sup> the Government  
~~unable~~<sup>unable</sup> to obtain from ~~any~~<sup>any</sup> source an annual contri-  
bution of about 500,000 yen for military purposes. The gov-  
ernment ~~therefore~~<sup>was obliged</sup> therefore to take another step; namely to con-  
tract a domestic loan. On May 1, 1868, the Emperor issued  
a decree which ~~stated~~<sup>stated</sup> that the Government has much to spend and  
~~therefore~~<sup>therefore</sup> ~~needs~~<sup>needs</sup> to receive for its treasury ~~the~~<sup>the</sup> ~~sum~~<sup>sum</sup> of ~~one~~<sup>one</sup>  
million ~~yen~~<sup>yen</sup> in national crisis, it is the duty of the subjects of the Em-  
peror to serve the country according to their ability and  
occupation; those who have boldness and courage, to join  
the Imperial Army; those who have means, to contribute to  
ward the military fund. Thus each and every one con-









not at all surprising. Count Okuma, in his "Reminiscence", gives ~~an~~ an instance illustrating how rare it was for the officials to raise money for ~~the~~ for ~~the~~ ~~government~~ use. He says, "When the government wanted to pay for an American vessel, the 'Stonewall', which had been purchased by the Old Regime, I was appointed as the government commissioner for the settlement of the matter. But as there was no money in the treasury for this purpose, I went to Osaka and by means ~~of~~ <sup>of</sup> violent threats on the part of the local authority, I could raise only 250,000 <sup>160</sup> yen" (1). This was the <sup>approx</sup> result of the measure in the wealthy city of Osaka. We can judge of the difficulty of raising the remainder of the desired loan in the other cities and provinces. There was an instance in which the government was forced to borrow 100,000 yen for ten days at one and half per cent interest. Thus the amount raised in every possible way, was not sufficient to meet the constantly increasing outlay. "The loans obtained", says Count Okuma, "together with the money handed over by the Shogunate at the close of life of the Baingos

16 (1) Count Okuma's "Reminiscence" No. 134, ( ~~same~~ as it was published in the Ho-Oei-Shim-bun).



amounted barely to 1,380,000 yen on a total, from ordinary and extraordinary sources, of about 9,040,000 <sup>17</sup> yen.<sup>(1)</sup> ~~And~~ Since the expenditures reached 2,000,000 yen, there was left a deficit of 13,000,000 yen. The financial difficulty of the government had reached its climax,<sup>2</sup> and the government was compelled <sup>temporarily</sup> to <sup>adopt</sup> ~~resort to~~ more permanent measures for the salvation of the country from its financial peril,<sup>3</sup> namely ~~to~~ <sup>to</sup> ~~resort to~~ the issue of a paper currency.

As has been <sup>stated</sup> ~~said~~ in the foregoing pages the financial condition of the government <sup>had</sup> ~~became~~ so critical that the effect of <sup>any</sup> ~~momentary~~ <sup>delay</sup> would have been serious. At this time <sup>for</sup> a plan of issuing paper money was proposed as a means of saving the government from its financial peril. The originator of the scheme was Mr. Hatturo Kioka <sup>18</sup> (2), a retainer of Yetsuden and a councillor of state. He was known as an able financier and had won the confidence of such senior ~~statesmen~~ <sup>statesmen</sup> as Messrs. Kido and Okuma. The plan was similar to the "Land Bank" system of England and the "Paper Bank" system of Rhode Island. It was in brief to issue paper notes of 2,375,000 yen upon the cultivated land of the Empire for

(1) Count Okuma's "Review", p. 2.

(2) Now Viscount Mori, a member of the House of Peers.



secretly, it ~~is~~ circulated for thirty years.

As to the subject of the issue, Mr. Mook said "For some time I had <sup>the</sup> strong conviction that if we would issue a paper money to be circulated throughout the Empire, thus expanding the medium of exchange, we could lay a sure basis for the commercial and industrial prosperity of the country. ----- For although prior to the issue of paper money in my province (Yekizen), we suffered from poverty and hard times, yet ~~since~~ <sup>after</sup> the new medium of exchange (paper notes) was put into circulation, industry and trade had sprung up and the provinces which hitherto had no coin, had now become a wealthy country with 350,000 Rio in c in. Having this in view, I sought to bring my belief into realization and explained my plan to all the statesmen of the time. But owing partly to the seeming <sup>to</sup> radical character of ~~my~~ <sup>the</sup> scheme, and partly to the ignorance of most public men in respect to the matter, they ~~were~~ <sup>were</sup> much opposed to the plan which I thought to be the only means of saving the country. As it was impossible to settle the ~~question~~ <sup>question</sup>, the ~~over~~ <sup>emperor</sup> called an assembly of councillors of state to consider the question. Thus, we all, together with the members of the Imperial House held, ~~at~~ <sup>at</sup> around the Throne on January 26, 1868. The metro









the mentioned below:-

"The rate from which it shall be put into circulation shall be published by the proper authorities to all people, even down to the lowest class.

—"Dai-jo-Kwan."

"As the introduction of paper money has been decreed, all vassals shall be able to obtain loans according to their incomes, so that for example, thousand kokus they may get ten thousand rios. They must submit their wishes with regard to this to the proper authorities.

"With regard to the re-payment they will be obliged to pay every year, for thirteen years, a tenth of the sum lent; payment to be made in notes, so that at the end of the next 'year', the re-payment will have been effected.

"The provinces shall bear in mind that according to the intentions of the Emperor, through the paper money lent to them, a sure basis will be created for the prosperity of the country. They shall use it, therefore, to assist industry as much as possible, and to benefit their provinces. The Government of the province cannot be allowed to use their notes for unlawful purposes.

"To the Merchants of Kyoto and of Seto (Osaka) etc.



of the half. On the same day, the same amount shall be given in accordance with the amount of business done, after they have expressed their wishes to the officers issuing the notes.

"To the inhabitants of the towns and villages of the Saimansho district<sup>20</sup> in the whole country, and in the territories of the provinces at their demand, after their former request, loans shall be given for the carrying on of their business. With regard to the repayment, they shall pay every year a convenient part of the sum with the interest.-

"Every where, in the whole country, the same principles shall be observed as with the merchants at Kyoto and Osaka.

"Such notes as are <sup>annually</sup> ~~yearly~~ repaid shall be destroyed in the Kansekikoro. (4)

"From the money lent this year between the first and seventh month each give, ten percent shall be returned at the end of this year; from the money lent between the seventh and twelfth month, only five percent.

20. ~~1st~~ Judicial District.  
21. ~~1st~~ branch for finance.



"In the future, according to the bill, the government will issue paper money, and the circulation of paper money will be created for the purpose of circulating coins. To do so, therefore, ought to secure this measure. As, however, the loans are contracted in notes and are to be repaid in notes, no exchange (against coin) shall take place (1)

According to the text above, the sole object of issuing the paper money appears to <sup>have</sup> been to create "a sure basis for the prosperity of the country". But if this were the only object, <sup>it is impossible</sup> ~~we can not~~ understand why the measure was adopted just at that time, for the government knew that the over-issue of the clan notes had already caused their value to fall to its lowest limit, that the people would refuse the circulation of paper note of any kind, and that, consequently, it was impossible for the government to lay a sure basis for the prosperity of the country by introducing a medium of exchange which the people <sup>would</sup> dislike and refuse to circulate. Hence there must have been some other impulse by which the government was driven to adopt the measure at this unfavorable time; namely, the <sup>inefficiency</sup> ~~deficiency~~ of <sup>existing revenues</sup> ~~the resources~~ to meet the expenditure of the government. This is clear from the fact









carried out on the principle of "Political Economy" (1) But  
our object was different; it was to aid the people  
who had no means of carrying on industry. (1) And ~~that~~ the  
government intended to carry on the scheme as stated in the  
proclamation and to carry out its subsequent action. <sup>24</sup> Soon  
after the proclamation was promulgated, the government  
established the Bureau of Trade and Industry and took the  
~~the following~~ <sup>for promoting</sup> measures in industry and commerce. (2) It is  
also true that in accordance with the clause in the text, the  
government loaned the notes to merchants and farmers, although  
there is no ~~method of knowing~~ <sup>method of knowing</sup> how much the ~~se~~ <sup>debt</sup> received. But in  
the statistics of the "Government Revenue" for the second  
fiscal term (Jan. 1899-Sept. 1899) we find an item, "Repay-  
ment of Industrial Loan" which amounted (for that year) to  
4,400,000,000 yen. Thus, it is evident that the object of  
the government was two-fold; to defray the expenses of the  
government and to increase the national capital. "There was  
moreover", says Count Okuma in his "Review", "a deficiency of  
capital in the country, and it only a very short time and

2. (1) Mr. Mioka's statement, "Mei-Ji-Sai-Shi" Vol. I, p. 11.  
(2) Mei-Ji-Sai-Shi, Vol. I, p. 11.



lapsed since the Restoration, it would have been impossible for the Government, during the first five or six years of its existence to raise sufficient funds by way of internal loans to meet its expenditures. Under these circumstances, a resort to the issue of a paper currency became absolutely unavoidable. (1) And that omission of this principal object of the issuing paper money can be justified by the fact that it might have been dangerous to the existence of the newly organized government, of its financial embarrassment having been exposed to the public at the time of a national crisis. (2)

(1) O'Meara's "Review" p. 2.

(2) At upwards five other kinds of paper money issued and circulated, the genesis and characteristics of which will be considered in Chapter III.



:- CHAPTER II. :-

:- CIRCULATION OF THE PAPER MONEY. :-

Thus, the proclamation was ~~made~~<sup>issued</sup> with the view that the notes ~~would~~<sup>would</sup> be circulated as soon as they were prepared. Mr. Mioka and his subordinates were busily engaged in the preparation of the issue. In summing up the work and the difficulties, these officials had ~~to pass through~~<sup>accomplished</sup>, Mr. Mioka says:- "Since the day of my appointment to this important office, I pledged myself to labor for this great project of the government ~~just~~ as hard as my strength would allow. Yet an unexpected difficulty was the increase both in the number and influence ~~of the measure~~<sup>of the opponents</sup>. They employed so many assassins and tried to take my life, <sup>thus</sup> to check the completion of the issue. I did not care so much for my life as for the plans of the government, for if I fell under the dagger of an assassin, the work we had undertaken might never be accomplished. On the other hand, the messengers from the battle field came as often as three times a day, and brought urgent pleas for reinforcements. In this dangerous situation we were placed day and night until most of the required amount had been issued."



On May 9, 1940, the notification of the central government was issued stating, "The paper currency which has been decreed, will be circulated from May 11, 1940. (1)" When the time fixed for the issue of the paper money approached <sup>so</sup> ~~the~~ opponents increased their efforts, and finally compelled the government to postpone the issue of ~~the~~ paper currency. These opponents were not among the traders and the merchant class, but were found among the Daimyo's and Samurai classes. The ~~chief~~ cause of this <sup>opposition</sup> ~~measure~~ <sup>affection a part of</sup> have been the interest of these classes who were benefited by the circulation of the "clan-notes" and whose interests might be ~~affected~~ <sup>affected</sup> by the circulation of the new paper money. To understand <sup>the situation</sup> ~~the embarrassing position~~ they were placed in, we can refer to the words of Mr. Mioka himself. He says: "In order to begin to circulate the paper money from the date fixed by the decree, we had made all arrangements for this purpose. It was not an easy task to make such preparations at the time when we had no telegraph system and no swift rapid

(1) Kempo-Rai-Hen, Vol. IX, p. 20.





distribution of the 100,000,000 notes. "We had 11 days to make  
arrangements to stop the circulation of the notes. Our intention to circulate them  
the next day, to our great surprise and disappointment, in  
order of postponement reached us. Indeed, this was a  
very vexing question, for there was no way to stop the cir-  
culation because we had already sent the notes out to the  
principal cities and towns ordering the local authorities to  
distribute them. Even if we sent out messengers to these  
places, they could not reach the destination before the time  
assigned for the issue. I explained this difficulty to  
the authorities and they did not know what they could <sup>be</sup> done.  
The question was how to stop the circulation. I told them  
there was no way to stop the circulation of the notes which  
were sent out but I had one plan to stop the circulation of  
those in our hands without altering the decree and without  
weakening public confidence in the government. That was  
to set the Ni-Jo-Jo (a building where the paper notes were  
stored) on fire and destroy the notes; and then I took care  
myself. Thus the government could no longer collect and  
could postpone the circulation until a later date, "the difficulty  
of the administration." (1)







manifest difficulties owing partly to the ignorance of the <sup>people</sup> and the prejudices of some officers against the plan, and partly to the <sup>in-</sup>definiteness of the government's design. But now <sup>it became</sup> ~~it was necessary~~ to circulate the money among the people, the difficulties became more serious. Every merchant and tradesman refused to receive it. In fact, the money almost ceased to circulate at all. The causes which led the people to this general refusal were as follows:--

First. As has been stated before, this being the first paper money ever issued by the central government, especially a newly organized government, the people had <sup>suspected</sup> ~~looked at~~ the measure with very little confidence and consequently with suspicion as to its credibility. This <sup>shaken</sup> ~~lack of confidence~~ in the government on the part of the people was the principal cause of the failure in circulation.

Second. At that time, the monetary system of the clan governments was <sup>generally</sup> ~~desperately~~ corrupted, and the central authorities being <sup>with</sup> ~~by~~ the <sup>impediment</sup> ~~obstacles~~ of their own administrative organs <sup>with</sup> ~~by~~ the efforts to suppress the rebellion in the North, was not able to <sup>reform</sup> ~~reform~~ it. These "clan governments" issued their paper currency very frequently, destroying old and issuing



ing new notes, whenever the change was being made. In February, 1938, and also regard to the suffering on account of the plague. Through this arbitrary financial management of the governments, whenever this <sup>and</sup> alteration took place, the people suffered great loss. Naturally they looked upon the central government's notes in the same light as they had looked upon the old notes, and had no confidence in the newly introduced medium of exchange.

Third. In addition to these general causes there was a more specific and immediate cause, namely the indefiniteness of the clause of the act of 1937. The act does ~~not~~ <sup>make no</sup> any definite statement <sup>as to</sup> the limit of the issue and the method of redemption, <sup>and</sup> the following: "such notes <sup>as</sup> ~~are~~ <sup>shall</sup> be destroyed in the Kai-Kie-Myok (Private Treasury)". (17) Now, although it was stated that the object of issuing the paper money was to lay the foundation of national prosperity, yet the people knew that the real object was to make up the deficit of the public expenditure. It was clear that the money lent to the people must be redeemed at the rate of thirteen percent. But the people, estimating





For the government would expect to pay a large sum for the paper money it issued, and the government.

These causes together with other minor matters brought the value of the paper money down to its <sup>1</sup>minimal. The depreciation began literally with its issue. ~~Every~~ Merchants in cities refused to receive it ~~for~~ <sup>at</sup> its face value, and the people in rural districts refused to take it at all. In consequence even in the three business centres of the country, ~~such as~~, Tokyo, Osaka and Kyoto, it was used only at sixty per cent discount. <sup>6</sup> (1) In the provincial districts, it ~~was~~ <sup>was</sup> not circulated at all.

How the government faced such difficulties and ~~man-~~ <sup>over-</sup>aged them is our next consideration. One of the measures the government was obliged to adopt: either to abandon the first course or to enforce the act with power. No middle course was left. ~~But~~ It was impossible to adopt the first course, on account of the critical <sup>condition</sup> ~~period~~ of finance, ~~which~~ <sup>which</sup> had been severely interrupted. Hence the second course was the only one to which the government could resort. In







pa. "money".

This appeared in the form of a proclamation that "all taxes shall be payable in <sup>the new</sup> paper money <sup>or</sup> currently with coin, just as much as practicable" (1). Now

that a way for the circulation of the notes was opened they ~~found~~ <sup>found</sup> could find some demand and consequently the value was raised,

yet they were circulated at twenty per cent discount. The

saying <sup>the saying</sup> ~~the saying~~ act was, then, adopted, <sup>expressing</sup> ~~expressing~~ that "any one who should refuse to circulate the paper money should be regarded as one who resists and denies the Imperial Order."

But notwithstanding the enactment of this <sup>rule</sup> ~~rule~~, the people refused to receive the paper money, and there were many who

~~were~~ <sup>were</sup> charged with violation of the law ~~and~~

Thus, although the government exercised its power in <sup>all</sup> ~~possible~~ ways, <sup>to secure</sup> ~~the~~ the circulation of the government notes

the natural course of events could not be prevented ~~to~~

~~the~~ <sup>the</sup> people's dislike for the paper notes became greater and the fall in value of paper money ~~was~~

still <sup>continued</sup> ~~standing~~. This compelled the government to take

an altogether different policy from what it had followed.



The former decree which prohibited the fixing of a ratio between specie and paper was repealed as a new decree which permitted the use of the paper money according to the market value was promulgated. With the announcement of the law those who were imprisoned as the violators of the former decree were released. But this defect caused different values in different parts of the country and there was no way to estimate accurately the income of the government. Therefore, the government issued a decree which stated that "all the taxes and dues should be paid in the paper money as well as specie in the ratio of one hundred and twenty ryo and one hundred ryo; that the government would pay its outlay with the paper currency in the average value of ten days in a month." (1) As soon as this decree was issued, the value of the paper money began to fluctuate so greatly that the government, before the enactment was put into operation, was forced to amend the decree and to change the last clause to "all government outlay and salaries would be paid in paper money with the ratio to specie stated, namely, one hundred

/ (1) Mei-Ji Sei-Sai, Vol. I, pp. 90-901.





and twenty of paper to one hundred of coin." (1) ~~What~~  
~~the result?~~ The people still continued refusing to receive  
~~it~~; all kinds of business fell into a state of stagnation, &  
some of the wealthiest merchants closed their doors and many  
smaller houses were dragged down by their fall; the distrust  
took hold of the public mind and commercial credit was greatly  
injured.

In 1869, the government determined to bring ~~it~~ <sup>the currency</sup> up to  
par and in April of that year rescinded the last decree and  
enacted that no difference between coin and paper money should  
be established, announcing furthermore that not only the vio-  
lators of this law should be punished but also the head of  
the province of which the transgressor was ~~residing~~ <sup>residing</sup>. The gov-  
ernment also prohibited any exchange of paper money for coin  
except ~~in~~ <sup>in</sup> cases where the change was an alternate necessity.

But the natural course could not be stopped and the  
tendency of the public will could not ~~and~~ be checked  
merely by ~~withstanding~~ <sup>defying</sup> legislative enactments, if they were  
not rightly applied. Thus, when the government tried to



raise the ~~value~~ <sup>market value</sup> of the paper money, the value thereof fell; when it was ~~ascertained~~ <sup>ascertained</sup> that the notes be circulated throughout the empire, they returned to the cities; again when the paper money was ordered for use in daily transaction, it lost the quality which would make it the standard of value and consequently, of adjustment of prices. Hence, in June 1869, the government was forced to issue the decree making the paper currency redeemable in thirteen years, announcing that either it should be redeemed in coin by the end of 1882, or if that were not done, interest at the rate of six per cent. should be ~~paid~~ <sup>added</sup> upon the whole amount in circulation. <sup>1/</sup> It also announced its intention ~~of~~ <sup>to</sup> abandon the issue of large quantities of paper money which had been contemplated and ~~to~~ <sup>to</sup> destroying the machinery that had been erected for that purpose, and further that any one found offering a discount upon paper money should be fined. The thirteen years <sup>term</sup> for which it was intended to be used were shortened to five years <sup>(5)</sup> and the maximum amount was limited to the existing sum,

<sup>1/</sup> (1) Count Okuma's Review.

<sup>1/2</sup> (2) Count Matsukata's Report of 1890, p. 37.







could not be paper money was gradually opened, until within a few months, it was passed at par (for value) with specie.

Although these legislative measures ~~had~~<sup>may</sup> have had ~~the effect~~<sup>the effect</sup> of bringing the value of the currency to that point, yet there were two <sup>important</sup> counteracting causes by which the success was obtained, namely, first, the increased confidence of the people in the Government; second, the desperate condition of the currency system of the Old Republic.

14 The depreciation of the paper money was not caused by over issue, but by the lack of confidence of the people in the Government. Hence, when the Civil War was over, when the social order was restored and the people understood the plan and policy of the Government, the confidence was increased and the ~~depreciation~~<sup>circulation</sup> of the notes began to operate. Notwithstanding the fact that the issue of notes was greatly increased, yet the value rose not only to par with specie but ~~exceeded the value of~~ specie was exchanged for notes.

14 The value of the notes was not only to par with specie but exceeded the value of specie was exchanged for notes.

14 The value of the notes was not only to par with specie but exceeded the value of specie was exchanged for notes.









"All is well," the clan needed fan to ~~exchange~~ some in-  
 ternal reforms of "clan government" and by printed the  
 notes still ~~to~~ have no value. Although these notes were  
 circulated only within each clan, yet the name was univer-  
 sally adopted and its over-issue affected the trade of the  
 whole country. Thus, the people suffered from ~~the~~ <sup>the</sup> dif-  
 ficulties; in ~~the~~ <sup>every</sup> trade within a clan, they suffered from  
 over-issue of the paper currency and, in ~~the~~ <sup>every</sup> trade without  
 the clan, from the circulation of the ~~counterfeit~~ <sup>counterfeit</sup> money.  
~~Now~~ <sup>There</sup> the cry for a uniform correct system of currency came  
 from all parts of the Empire. Just at that time, the Im-  
 perial government announced that the government notes would  
 be exchanged for the good coin and ~~the~~ <sup>the</sup> uniform monetary sys-  
 tem would be established within a few years. On ~~the~~ <sup>the</sup> other  
~~hand~~, the government succeeded in reforming all corruptions  
 and in assuring the public of the fidelity of the administra-  
 tion. With the confidence in the government, the credit of  
 paper money was increased. Thus, the ~~the~~ <sup>the</sup> ~~the~~ <sup>the</sup> "clan  
 notes" and ~~the~~ <sup>the</sup> ~~the~~ <sup>the</sup> coins of the Old Republics turned  
 to the ~~the~~ <sup>the</sup> ~~the~~ <sup>the</sup> government's coins.



-:- CHAPTER III. -:-

-:- KINDS OF THE PAPER MONEY. -:-

When the Imperial Government began its administration, the prevailing paper money was the so-called Hansatsu, (Clan Notes), which had been in use since the seventeenth century. With the new administration, a new currency system was instituted; under which there was another issue of paper money. This new paper money was of six kinds, namely 1+-The Dai-Jo-Kwan-Satsu (Government Notes), 2+-The Min-shu-Sho-Satsu (Civic Department Notes), 3+-O-Kura-Sho-Da-Kwan-Sho-Ken (Treasury Convertible Notes), 4+-The Kai-Taku-Shi-Da-Kwan-Sho-Ken (Colonial Department Convertible Notes), 5+-Shin-Shi-He (New Paper Money), 6+-Kai-Ryo-Shi-He (Improved Notes).

~~Let us proceed to study these various notes successively.~~

Han-Satsu. In the period of the Ewan-tsun (1661-73), Matsudaira Tada Masa, the Prince of Fukui, having suffered financial embarrassment, after proclaiming that the Tokugawa government had not fulfilled its promise to grant him additional territory, persuaded the Shogun to give permission



to be circulated within his territory. This was the origin of the notes, which were circulated until the abolition of Han (abolished in 1872). In the Gen-Roku (1688-1709), many South-western provinces following the Fukui experiment, <sup>and</sup> issued a silver note to a considerable extent. Since ~~that time~~ <sup>then</sup> the feudal nobles who suffered from financial difficulties ~~have~~ adopted this measure as the only <sup>effective</sup> ~~method~~ of the provinces from their embarrassment. Although the Tokugawa government objected strongly to surrendering the exclusive right of coinage, it was compelled to grant this right to a few Daimyos. Now to restore the right, "in 170" (Koyei IV) the government prohibited the further issue of all such money, in terms which <sup>seem</sup> ~~to~~ include ~~also~~ even the subsequent circulation of what had been already put forth. In 1730 (Kyoku XV) it was found necessary to repeal this prohibition, ~~the object being~~ <sup>its intent</sup> to bolster up the price of ~~the~~ rice. The permission applied to gold, silver and copper <sup>equally</sup>, and was to continue <sup>indefinitely</sup> for the Daimyos

(1) This idea of paper money was introduced from China where it had existed since the Dynasty of Kan. Mei-Ji-Sei-Sai, vol 1 p. 367.









the ... for ... . For instance, ... Price ... in ...  
... 100 marks of silver ... 101 ... of ...  
... 100 ... of notes ...  
... 100 ... of silver. It will ...  
... the scarcity of coined money under the Old  
Regime, the ... in ... cases felt themselves compelled  
to issue ... : issuing paper money. In other  
cases, the necessity arose of ... their own fields ...  
the paper money of ... fields ... following ... example  
of ... in ... and ... a ... of their own  
... of ... cases ... paper money was re-  
sort ... to ... of ... from ...  
... the ... the official money-lenders

3

wer powerless to relieve. (1) At the time of ...  
tion, the over-issue of ... paper notes ...  
... daily, ... value ...  
... its ...  
... notes came to be ... more value ...  
... paper. ... the new ... paper to ...

3 (1) Transactions of ...  
Supplement, p. 139

















The old notes were no longer in circulation. The new prefecture, however, had also no provision of the limits of the circulation of the clan-notes. This caused the depreciation of the clan-notes. To overcome this difficulty, the government distributed the schedule of ratio between the old notes and new currency on one hand and, on the other, it defined the boundary lines within which each clan-note should be circulated; for example, in the case where an old clan now came under the jurisdiction of more than one political division, according to the new system, the clan note could be circulated within the new political division, although it might be outside of the original clan jurisdiction. In order to raise the value of the notes, the banks were ordered to bring in the notes where they were no longer depreciated and the government, at the same time, undertook to cancel all the notes. Such notes as were received from the banks, either for the reserves, or for the repayment of individual loans, or for taxes, or dues, were destroyed. No provision being made for the exchange of small notes, less than 1 se (cent), the exchange was to be postponed until the small coin could be re-issued.

1. 1772 and 1773 whole provision for the exercise



of clan-notes and the government began to exchange all the notes above five gin for the new currency (and the notes below that denomination in 1873). The redemption of the clan-notes was complete in June, 1879. This conversion of the clan-notes was one of the most important measures undertaken by the new government. It facilitated the free exchange of commodities and developed the national economy, extending the circulation of the government notes, increasing the confidence of the people in the government, and finally, uniting the currency system of the Empire.

Dai-Jo-Kwen-Satsu (1) (Government Note). The Imperial Government issued this note in 1868 with the intention of continuing it in circulation for thirteen years, at the end of which time all these notes were to be converted into coin. Later when the people began to discredit the notes and their value consequently fell, the term was shortened to five years. If the notes were not redeemed at that date, interest at the rate of 4 should be paid on the (1) Cf. Characters I and II.



They met in a council. At the meeting, they decided that, in order to increase the circulation, they issued "bonds in exchange for Kinsatan" (paper money), for which they undertook to pay 3 interest on all amounts of paper currency which might be offered in exchange for these bonds. But as the credit of the paper currency was daily improving, while there was a general need of capital for carrying on business, there was very small demand for these bonds, Kinsatan were exchanged for the "New Paper Money". The amount and denominations of the Government Notes were as follows:--

<u>Kinds.</u>	<u>Amount.</u>
Rio 10    111	Rio 23,032,000
"    5    "	"    5,969,000
"    1    "	"    13,485,000
Bu    1    "	"    1,161,000
Sma   1    "	"    1,050,000

These ~~was~~ issued from May, 1898 to December 31, 1899

Kin-Su-Sho-Satan (Civic Department Notes) This was issued by the ordinance of September 1898, of the Civic Department (1) and the kinds of the currency were of small denominations. (1) Afterwards in the ordinance of the Civic Department, interest













1861, these notes are two-fold; primarily to defray government expenditures, and secondarily, to take all the old coins which were floating in the country.

The year, 1871, marks the abolition of the han (clan) and the re-division of the country into prefectures, and the administrative sphere was correspondingly extended, causing the ordinary and extraordinary expenditure to be increased to 57,730,000 ryo. On the other hand, owing to the fall in price of rice (1) which constituted the principal source of the government revenue, the income from both ordinary and

very art skill. Romance had colored its earlier days; but at an early date no longer elapsed before prosperity began to visit the house, and after one or two generations, it found itself with branches extending to all parts of the country, the chief stores being six in number, one for each branch of the family. The house had taken the name of "Edo's house"; and as early as the last decade of the 17th century it had become such that Kaempfer was attracted to the extent of its commercial operations to make special mention of its achievements.

(- Transactions of the Asiatic Society of Japan) since the Restoration, this house has acted as financial agent of the government.

(1) In 1871, the maximum price of rice was 4.50 yen per bushel, and the minimum price was 1.61 yen.



1. The deficit is \$100,000.

To make up this deficit the measure was to be printed; and was, the idea of most inconvertible notes, and the other was to issue of the notes (in-bu-ill) which were to be printed in the treasury from time to time. But this of the measures were practicable; for the order would be contrary to the decree announcing, that no further issue should be made, and the latter would be undesirable at a time when the government was planning to establish a new coinage system. The value of specie fell very low and the people disliked to use the coin. At this time the government was compelled to destroy all the coin possible in order to prepare a basis for the future coinage, so that the gold of the empire government already possessed was not to be thought of. Hence another measure was sought. This scheme was to authorize the confidential private commercial banks to issue notes, to circulate them, in adoption of this scheme the





to meet the deficit; 2--A large quantity of specie could be collected with comparatively little expense.

11/2  
The Method of Issue (1) The Mitsui Company was no more than a government agent in issuing this Note. Whenever the Treasury Department wanted money, the Company received its order with the reserve equal to one half of the amount of notes to be issued. If exchange ~~was~~<sup>was</sup> specie were demanded and the demand were greater than the measure received, the company had no right to demand more of the government; all units of all the transactions were to be subject to government inspection. In the case of destruction or loss of the measure either by fire or theft, the company ~~was~~<sup>was</sup> responsible for the loss; all expenses incurred by issuing the notes, sealing them, etc., should be paid by the company. For all this trouble and work, the company was permitted, for compensation, to have twenty percent of the total issue, for their own use without reserve.

This compensation was clearly excessive. During the period when the notes were in <sup>circulation</sup>, the company

(1) Mei-Ji-Sai-Sai, Vol. I. p. 340.



...right of issue and to pay or redeem the notes issued. Of course, this note being convertible, the company must have some reserve, but so long as there was not too much demand for redemption, it could use the government reserve, if there be, since there was no definite rule as to exchange for the coin, or in circulation of certificate which distinguishes the notes in the use of the government from that of the Mitsui Company. Again, the expense of issuing the certificate would be very slight and, moreover, when it had this privilege, the confidence of the company became very great. Thus, this measure of the government has enriched the company in an extraordinary degree.

It was not long, however, before the government found out that the compensation of the Company was too much for the little service it had rendered. In 1872, the government established the system of Deposit which was intended for exchanging the note. Since then, they have changed the contract with the Mitsui Company, and now, although it has the use of one fifth of total notes issued, as before, yet the Company is obliged to exchange one fifth of all notes demanded for redemption. After five years, the Company has to pay back twenty percent of all the notes issued to the



Treasury Department had during that period of time, the Company had to deposit twenty percent of the sum in specie\$ on which the government should pay reasonable rate of interest. In short according to this new contract, the compensation of the company was the privilege of borrowing the money without interest for a security bearing interest.

The original intention of the government was to limit the amount of the notes to 4,000,000 yen; but as the financial difficulties were critical and the issue was intended to meet the deficit in the revenues, the government was compelled to issue more than was originally intended. So we see that the amount of the notes issued from October to December, 1871, reached 4,772,000 yen and during Jan. and Feb. 1872, 2,028,000 yen, making a total of 6,800,000 yen. Notwithstanding the enormous increase of ~~of~~ the issue, the credit of the notes did not change at all; for at the beginning of the issue, the government promised to exchange notes for coins at demand and to destroy the notes redeemed. Moreover, since it was at a time when the old coin was unpopular, the people preferred the use of the paper money to that of specie. As far as this scheme in issuing these convertible notes is concerned, the government was certainly successful.



But the subsequent management, caused the notes to fall into great disfavor, from the evil effect of which the country had suffered for many years.

If the government had followed the plan originally intended, <sup>they</sup> destroying the notes exchanged, ~~there would be no~~ <sup>the amount of new money</sup> ~~issue of inconvertible notes in the country~~, and <sup>the</sup> ~~the~~ economic condition <sup>of the country</sup> would have been greatly bettered. But contrary to what was originally intended, when the notes demanded for ~~redemption~~ <sup>redemption</sup> reached one fifth of the total issue of notes (October, 1871 to March, 1872) the government ~~changed its plans~~. Instead of destroying <sup>redemption notes, returning</sup> ~~the notes~~, they put them again into circulation. Again, when the amount of new coin reached 31,990,000 yen, the government could have accomplished the redemption of <sup>these notes</sup> ~~the notes~~ as originally intended, if it had made ~~the attempt~~. But instead of following <sup>adhering to</sup> this plan, it exchanged the notes for the "New Paper Money" which was itself inconvertible money. Thus, the paper money which was originally issued <sup>with the</sup> ~~promising to be convertible into coin~~ lost that quality ~~convertible money~~ and was added to the enormous amount of ~~the~~ inconvertible paper money already in circulation. All this mismanagement was based on the belief of the officials that as the notes could be circulated at par





value with coin, whether convertible or inconvertible, it was ~~not necessary to exchange the notes for coins, forgetting~~ that the reason that the notes could pass at par with coin was because, even though nominally inconvertible, they were practically convertible.

Kai-Taku-Sai-Da-Awan-Sno-Ken (Colonial Department Convertible Certificate). This <sup>was the first proceeding in connection with the issuance of</sup> ~~was issued by~~ the ordinance of May, 1871, ~~and the one preceding this~~, by the Treasury Department in the name of the Mitsui Company.

The object of <sup>the issue</sup> ~~issuing this note~~ was the promotion of the industry and commerce of the Northern Island (Hokkaido). The important question, how to open the "Island of the Barbarians", had been agitated from time immemorial. <sup>Since</sup> ~~Since~~ the Restoration <sup>when</sup> ~~when~~ the nationalization of the Empire was accomplished, the need of settling this question was very keenly felt. <sup>As</sup> ~~As~~ this island <sup>is</sup> ~~is~~ the Northern Gate of the Empire, it requires a garrison <sup>for defense</sup> ~~to defend it~~ from Northern invasion, and <sup>and</sup> ~~and~~ having a large population <sup>relative to</sup> ~~for a small area~~, the government <sup>was</sup> ~~was~~ <sup>convinced</sup> ~~convinced~~ that of all its islands least of all it



from this experience proved that the island was covered  
with valuable natural treasure. <sup>12</sup> ~~It~~ <sup>2</sup> ~~Thereafter~~ <sup>2</sup> soon after  
the new government was organized, the question of <sup>1</sup> colonization  
of the Hokkaido was considered. <sup>2</sup> But this was a great  
undertaking; ~~the enterprise would require~~ <sup>2</sup> large funds in  
order to attain any success. <sup>1</sup> ~~and~~ <sup>2</sup> owing to its financial em-  
barrassment, the government could not appropriate any addi-  
tional ~~fund~~ <sup>revenue</sup> for this purpose. In 1872, Gen. Kuroda, the  
Head of the Colonial Department, ~~through~~ <sup>1</sup> the consent of the  
Treasury Department, proposed to issue <sup>2</sup> & convertible certifi-  
cates amounting to 2,500,000 yen, and the proposition was ac-  
cepted by the Council of ~~the~~ State.

~~Method of issue and contract with the Mitsui Company.~~

The issue of these notes was ~~very~~ similar to that of the  
Treasury Notes, but with certain modifications. With the Co-  
lonial Department <sup>1</sup> ~~issued~~ <sup>2</sup> the notes, <sup>1</sup> ~~this Department~~ <sup>2</sup> ~~through~~ <sup>2</sup> ~~the~~ <sup>2</sup> ~~Treasury Department,~~ <sup>2</sup> ~~contracted~~ <sup>2</sup> ~~with~~ <sup>2</sup> ~~the~~ <sup>2</sup> ~~Mitsui~~ <sup>2</sup> ~~Company~~ <sup>2</sup> ~~against~~ <sup>2</sup> ~~a~~ <sup>2</sup> ~~reserve~~ <sup>2</sup> ~~equal~~ <sup>2</sup> ~~to~~ <sup>2</sup> ~~one~~ <sup>2</sup> ~~third~~ <sup>2</sup> ~~of~~ <sup>2</sup> ~~the~~ <sup>2</sup> ~~issue~~ <sup>2</sup> ~~amount.~~ <sup>2</sup> ~~The~~ <sup>2</sup> ~~circulation~~ <sup>2</sup> ~~of~~ <sup>2</sup> ~~the~~ <sup>2</sup> ~~notes~~ <sup>2</sup> ~~was~~ <sup>2</sup> ~~limited~~ <sup>2</sup> ~~to~~ <sup>2</sup> ~~one~~ <sup>2</sup> ~~million~~ <sup>2</sup> ~~yen.~~ <sup>2</sup> ~~The~~ <sup>2</sup> ~~Colonial~~ <sup>2</sup> ~~Department~~ <sup>2</sup> ~~was~~ <sup>2</sup> ~~prohibited~~ <sup>2</sup> ~~from~~ <sup>2</sup> ~~issuing~~ <sup>2</sup> ~~any~~ <sup>2</sup> ~~other~~ <sup>2</sup> ~~notes.~~ <sup>2</sup>

















of the Chinese Republic, Li Shao-chi, Soong-mo, Li Shao-  
Keng, and Chen-chie-Kyong, were implicated in the conspiracy.

The Chief of Police, Chang Kuei-shan, was notified <sup>secretly</sup> ~~secretly~~  
to punish them. <sup>for their</sup> ~~for their~~ <sup>plate of</sup> ~~plate of~~ <sup>counterfeit</sup> ~~counterfeit~~  
money, and the <sup>Minister of the Interior</sup> ~~Minister of the Interior~~ was requested to take some measures  
for prevention of ~~the~~ <sup>such</sup> forgery. Thus, through the quiet

~~and wise management of the government the evil was rooted  
out before its effects upon national affairs became very se-  
rious.~~

The <sup>very serious</sup> ~~serious~~ <sup>position</sup> ~~position~~ <sup>which</sup> ~~which~~ <sup>at that time</sup> ~~at that time <sup>the country</sup> ~~the country~~ in  
a very dangerous position, <sup>it</sup> ~~it~~ <sup>was</sup> ~~was <sup>expressed</sup> ~~expressed~~ within a  
short time, <sup>which</sup> ~~which~~ <sup>attracted</sup> ~~attracted~~ the attention of the authorities to the  
fact that this ~~serious event~~ <sup>serious event</sup> was due greatly to the two de-  
fects in the existing paper money, namely, its imperfect manu-  
facture rendering it easy to counterfeit, and the poor materi-  
al of which ~~the~~ <sup>the</sup> paper money was made, being very perish-  
able. These facts caused the government to <sup>decide</sup> ~~decide~~ to undertake a  
change in the existing paper money and the issue of a perfect  
currency, thus preventing any successful forgery in the fu-  
ture.~~~~

<sup>a German exchange bank</sup> ~~a German exchange bank~~ <sup>was</sup> ~~was~~  
just at that time ~~established~~ <sup>established</sup> in

Frankfurt-on-the-Main, and an application to the government of  
(1) ~~the~~ <sup>the</sup> ~~government~~ <sup>government</sup>.







notes was a ~~great hindrance to national prosperity~~ and to  
the ~~centralization of government~~. Therefore, it was natural  
and right for the government to seek to exchange all the  
clan notes for new government notes, thus unifying the cur-  
rency. This proposition was accepted by the Councillors of  
State and in the proclamation of Dec. 1871, ~~we read:~~

"Owing to the poor manufacture of paper money, there  
are many who have lawlessly attempted to counterfeit the  
government notes, and there are also gold, silver, and cop-  
per bills in present circulation, which have been issued by  
rivers clans. ~~These factors~~ <sup>These factors</sup> create much inconvenience, as  
well as positive loss in the transaction of business. There-  
fore, although the government has been burdened with enor-  
mous outlay yearly, it has issued new paper money of excel-  
lent quality ~~for~~ <sup>in</sup> the following denominations; 100 yen, 50 yen,  
20 yen, 10 yen, 5 yen, 2 yen, 1 yen, 50 sen, 20 sen, 10 sen,  
and 5 sen. Of these 1 yen, 50 sen, 20 sen, and 10 sen will  
be issued and circulated from Feb. 13, 1872. As soon as  
~~they shall be issued~~, all the old government notes and clan notes  
will be taken in exchange for them. <sup>17</sup> ~~Leaving it to the kind~~  
~~merchandise of the government to the public will be, circulate~~  
~~without distrust or hesitation~~ (1) Mem-Po-Rui-Men, Vol. IX, p. 25.









~~the~~ <sup>original</sup> ~~of the~~ <sup>original</sup> ~~originals~~ was ~~that~~ <sup>1944</sup> ~~of~~ 100,000,000  
yen had been ordered, 100 million total sum of government ~~(12)~~

20 civic<sup>7</sup>(~~the~~) and clan-notes to be exchanged was not more than  
8,000,000 yen; that there existed, therefore, an excess of  
15,000,000 yen; that if this excess were devoted to the re-  
demption of other outstanding notes amounting to 9,500,000  
yen, Treasury notes of 6,800,000 yen and Colonial Certifi-  
cates of 2,500,000 yen there would then be no need of ex-  
pending specie for their redemption. ~~These~~ <sup>inconvertible</sup> ~~certifi-~~  
cates ~~which were ordered to be~~ <sup>were subsequently</sup> convertible were inconvertible  
notes.

21 ~~The~~ <sup>fact</sup> ~~fact~~ <sup>that</sup> the government ~~used~~ <sup>had</sup> paper money was, ~~also,~~  
the fact that ~~after~~ <sup>when</sup> the certificates ~~was~~ <sup>were</sup> issued, ~~it was~~ re-  
ceived by the people very favorably and circulated extensiv-  
ly. ~~very few notes were brought in to be converted.~~ <sup>very few notes were brought in to be converted.</sup> Moreover,  
as notes of the smaller denominations were circulated among  
the mountaineers and fishermen, the wear and tear was great  
and there was ~~the~~ <sup>the</sup> ~~seeming~~ <sup>seeming</sup> impossibility that the amount which

(1) See p. 42, ~~see~~

(2) " p. 45, ~~see~~



was originally intended for circulation would last ten years. Even if this were not so, ~~when~~<sup>and</sup> the island should gradually opened and the wilderness become a taxable land, the authorities considered that it would not be difficult to convert ~~the~~<sup>the</sup> notes with the coin which would be paid in by the taxes ~~to~~<sup>as</sup> from the Island. Hence holding the sum of 1,800,000 yen, which was lent to the people of Hokkaido, as a reserve, the government issued additional notes to the amount of 1,100,000 yen.

~~3.~~ In the year 1871, when the country was redivided, the public expenses <sup>increased</sup> became very great, and the government suffered from financial embarrassment. Whenever ~~it met with~~ a ~~deficiency~~<sup>deficit</sup> incurred by its expenditures exceeding the revenue, a measure such as many governments in Europe and America had, namely, the Bureau of Ways and Means would borrow temporarily from the Bureau of Currency to meet the deficiency, with the intention of repaying the amount when taxes were received.

- Now this seems very similar to the Treasury Certificate system. But ~~after a few moments consideration, we see that there is a great difference between the two systems.~~ In the first case, there was a definite term within which



the debt would be paid, usually, not longer than a fiscal year. <sup>There</sup> The system which ~~was~~ adopted by the Japanese government ~~at that time, was that~~ <sup>there</sup> there was no definite term for liquidation. In short, <sup>the</sup> Minister of State for Finance ~~became~~ became debtor to the Bureau for currency, and creditor to the Bureau for Revenue; the duty of debtor and the right of creditor rested upon one person, and there was no ~~special~~ <sup>liability</sup> liability to pay at all. This <sup>kind</sup> kind of transaction was resorted to nine times during five months <sup>from</sup> Oct., 1872, ~~Feb.~~ Feb., 1873, and the amount thus borrowed was 8,000,000 yen. In 1874, this debt was <sup>converted</sup> turned into the "new paper notes".

~~At~~ At the beginning of the new era of the Meiji, the government <sup>adopted</sup> initiated the policy of interference in commerce and industry. It went so far in this direction, that ~~the criticism was made~~ <sup>that</sup> that the government monopolized all the industries of the country. This <sup>measure</sup> measure cost the government 500,000 yen which necessitated another issue of paper money.

~~In~~ In 1877, when the country entered upon its prosperous career, the <sup>development</sup> growth of the National life was suddenly checked by a ~~storm~~ civil war, which left the country in a desperate condition. To meet the enormous expenditure





incident to the war, the government having no other source from which it could draw, ~~was compelled to circulate~~ paper notes to the value of 27,000,000 yen from the reserve currency which was to be used for exchanging "worn-out paper notes". ~~It was, therefore, decreed~~ <sup>It was, therefore, decreed</sup> In the same year, that this reserve currency should ~~be~~ circulate for fifteen years, and ~~exchange~~ <sup>be exchanged</sup> at the end of that period for ~~bonds in exchange~~ <sup>bonds</sup> for notes".

The Kai-Ryo-Shi-he (Improved Paper Money). The new paper money which was ~~said~~ <sup>found</sup> to be perfect in manufacture was found, a few years after it was circulated, to be imperfect in ~~the~~ <sup>three following</sup> ~~three following~~ points:

(1) As the notes of all denominations were of the same size, differing only in the figure which indicated the denomination, it was very difficult to distinguish one denomination from the other.

(2) Owing to the ~~uniformity~~ <sup>character</sup> of the paper, the color used in the lithographic print was not absorbed sufficiently to prevent it from being changed very easily.

(3) Owing to the poor texture of the paper, the notes were easily torn and were soon worn out. Hence it is reported, that 100,000 yen worth of notes were brought



to be exchanged in one month.

For these reasons, the government ordered the Financial Department to issue another note known as the "Improved Paper Money" which should remedy these defective qualities in the "New Paper Money".













1. The Government of India has been...  
 2. The Government of India has been...  
 3. The Government of India has been...  
 4. The Government of India has been...  
 5. The Government of India has been...  
 6. The Government of India has been...  
 7. The Government of India has been...  
 8. The Government of India has been...  
 9. The Government of India has been...  
 10. The Government of India has been...

So that General Math 11-11-56 11-11-56 the system

- (1)  $C_{10} = H_{10} = 10$ ,  $C_{11} = H_{11} = 10$ ,  $C_{12} = H_{12} = 10$ .



... ~~the~~ <sup>He</sup> ...

... ~~the~~ ... ~~the~~ ...

... ~~the~~ ... ~~the~~ ...

... ~~the~~ ... ~~the~~ ... <sup>use</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>one path</sup> ... <sup>to balance a</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>in another.</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>also</sup> ... <sup>replace the "reserve"</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>notes with specie.</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>The largest part of the reserve</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>was held</sup> ... <sup>The sum of</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>100,000,000</sup> ... <sup>to effect the correction of</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>Hence, he resolved upon another measure</sup> ... <sup>to</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>amount of specie.</sup> ... <sup>To accomplish this, he set the</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>so that the reserve con</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>isted entirely of</sup> ... <sup>should have a</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>100,000,000</sup> ... <sup>notes.</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>taken was the diversion of</sup> ... <sup>in building</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>It was determined</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>It was determined</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>It was determined</sup> ...

... ~~the~~ ... ~~the~~ ... <sup>It was determined</sup> ...





















TABLE I. EXPORTS AND IMPORTS OF COCOA BEANS.

Year.	Imports	Exports	Excess of Imports	Excess of Exports
1872	23,174,000 yen,	17,000,000 yen,	9,146,000 yen,	-----
1873	28,107,000 "	21,050,000 "	7,057,000 "	-----
1874	23,461,000 "	19,317,000 "	4,144,000 "	-----
1875	29,975,000 "	18,611,000 "	11,364,000 "	-----
1876	23,964,000 "	27,711,000 "	-----	3,747,000
1877	27,420,000 "	23,348,000 "	4,072,000	-----

11 (i) ~~and of the large excess imports in the year~~  
 The season with the year 1876 had such a large excess of exports was ~~owing to~~ <sup>due to</sup> the failure of the silk crop in the European countries, and ~~hence~~ <sup>the consequent increased</sup> greater exports of silk from Japan.

TABLE II. IMPORTS AND EXPORTS OF PRECIOUS METAL.

Year	Import	Export	Excess of Imports	Excess of Exports
1872	3,391,000 yen,	4,480,000 yen	-----	789,000
1873	3,080,000 "	5,122,000 "	-----	2,042,000
1874	1,071,000 "	13,395,000 "	-----	12,323,000
1875	298,000 "	14,683,000 "	-----	14,385,000
1876	8,287,000 "	10,375,000 "	-----	2,088,000
1877	2,173,000 "	9,441,000 "	-----	7,267,000



1. The Secretary of the Board of Directors of the  
 2. of the Corporation of the United States Bank of New York  
 3. for the year 1911, and the importance of the  
 4. scarcity of the United States Bank of New York  
 5. with this end in view, was made  
 6. ~~The United States Bank of New York~~ Bank of New York  
 7. ~~and the United States Bank of New York~~ was passed.  
 8. ~~and the United States Bank of New York~~ in the United States Bank of New York  
 9. ~~and the United States Bank of New York~~ The Secretary of the Board of Directors  
 10. in the Financial Department of the Government Board of New York  
 11. to the interest, ~~the United States Bank of New York~~ <sup>21</sup> ~~the United States Bank of New York~~ <sup>its</sup>  
 12. of the United States Bank of New York, and the United States Bank of New York  
 13. ~~the United States Bank of New York~~ is the United States Bank of New York  
 14. ~~the United States Bank of New York~~ <sup>to the</sup> <sup>21</sup> ~~the United States Bank of New York~~ <sup>its</sup>  
 15. ~~the United States Bank of New York~~ The Secretary of the Board of Directors  
 16. of the United States Bank of New York, and the United States Bank of New York  
 17. of the United States Bank of New York, and the United States Bank of New York  
 18. of the United States Bank of New York, and the United States Bank of New York  
 19. of the United States Bank of New York, and the United States Bank of New York  
 20. of the United States Bank of New York, and the United States Bank of New York









TABLE I.--~~THE~~ AMOUNT OF ~~THE~~ PAPER NOTES IN CIRCULATION.

Years.	Class A.	Class B.	Bank Notes.	Total.
	yen	yen	yen	
1877	11,361,000	93,835,000	13,352,000	119,149,000 yen.
1878	19,518,000	119,800,000	26,219,000	155,537,000 "
1879	13,118,000	114,190,000	34,045,000	151,354,000 "
1880	13,528,000	108,412,000	34,426,000	156,366,000 "
1881	13,000,000	105,905,000	34,396,000	153,302,000 "

TABLE II.--Depreciation of the paper notes in comparison with silver. (prior to September, 1879, in the Mexican dollar coin and thereafter in Japanese yen coin).

Years.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.
	yen	yen	yen	yen	yen	yen	yen	yen
1877	1,013	1,037	1,026	1,034	1,015	1,024	1,034	1,052
1878	1,049	1,075	1,103	1,078	1,058	1,058	1,058	1,078
1879	1,217	1,246	1,261	1,247	1,191	1,102	1,121	1,172
1880	1,355	1,389	1,435	1,549	1,373	1,367	1,378	1,387
1881	1,728	1,746	1,774	1,795	1,620	1,625	1,728	1,729

Years.	Sept.	Oct.	Nov.	Dec.	Average.
	yen	yen	yen	yen	yen
1877	1,033	1,043	1,037	1,030	1,033
1878	1,110	1,143	1,151	1,217	1,099
1879	1,158	1,233	1,286	1,336	1,212
1880	1,489	1,551	1,586	1,659	1,477
1881	1,690	1,734	1,792	1,695	1,704

TABLE III.--~~The excess of Imports.~~ Imports and Exports

Years.	Imports.	Exports.	Excess of Imports.
	yen	yen	yen
1877	27,320,000	23,348,000	4,072,000
1878	32,874,000	25,988,000	6,886,000
1879	32,953,000	28,175,000	4,778,000
1880	30,526,000	28,395,000	2,131,000
1881	31,191,000	31,055,000	136,000



TABLE IV.--Exports and Imports of the Precious Metals.

Years.	Imports	Exports	Excess of Exports
1877	2,175,000	9,461,000	7,286,000
1878	2,169,000	8,538,000	6,369,000
1879	3,134,000	12,778,000	9,644,000
1880	3,538,000	13,222,000	9,684,000
1881	1,850,000	7,490,000	5,640,000

<sup>14</sup>  
Price of Rice

TABLE V.--The Fluctuation in the Price of Rice. (1)

Years.	Maximum.	Minimum.	Average.
	yen	yen	yen
1877	3.17	4.53	5.15
1878	7.03	5.37	6.20
1879	9.37	7.05	8.21
1880	12.11	8.15	10.13
1881	11.53	9.44	10.48

(1) The price of rice is selected because of its universal use throughout the country; the price given is that per koku in the Tokyo Market.









[illegible]

ADP = direct ( + indirect ) about 7,000,000 yen.

~~There is~~ <sup>As a result</sup> silver, fell down to 37 per centum, but in  
the autumn of 1901 it went up to 40 per cent. Having

4. Failed in ~~its~~ attempts to prevent the appreciation of silver, the government abandoned the ~~any~~ <sup>plan</sup> of selling out

silver and determined to <sup>accomplish its purpose</sup> ~~finish the contract~~ by the more  
with the the  
order and contract of the same day.

The conditions were ~~immediately~~ <sup>looking to this end immediately</sup> changed;  
1 - <sup>an</sup> increase <sup>in</sup> pay on labor.

are <sup>in</sup> ~~the~~ custody of the Government.)

-By \_\_\_\_\_, the Fiscal Department of \_\_\_\_\_.

to \$607,000,000 per year from \$589,000,000, \$180,000 per acre  
in 1980-81. The amount of money available for the program was

1 1 sale ...  
1961 ...

























financial affairs

The Bank

to

the

is

The President of the Bank

The Vice-President of the Bank

The Minister of Finance shall appoint an <sup>special</sup> ~~member~~

~~all~~ <sup>shall</sup> ~~business~~ <sup>to</sup> ~~the~~ <sup>the</sup> ~~bank~~

10- The President <sup>shall</sup> ~~submit~~ <sup>condition to the</sup> ~~monthly~~ <sup>condition to the</sup> ~~report~~ <sup>condition to the</sup> ~~of the~~ <sup>condition to the</sup> ~~Bank.~~ <sup>condition to the</sup>

11- The government shall invest capital amounting

to <sup>in the stock</sup> ~~the~~ <sup>in the stock</sup> ~~Bank~~ <sup>in the stock</sup> ~~Bank.~~ <sup>in the stock</sup>

The government shall invest capital amounting

to <sup>the instruction of</sup> ~~the~~ <sup>the instruction of</sup> ~~Bank~~ <sup>the instruction of</sup> ~~Bank.~~ <sup>the instruction of</sup>

The government shall invest capital amounting

to <sup>on account of</sup> ~~the~~ <sup>on account of</sup> ~~Bank~~ <sup>on account of</sup> ~~Bank.~~ <sup>on account of</sup>

(1) The <sup>on account of</sup> ~~Bank~~ <sup>on account of</sup> ~~Bank.~~ <sup>on account of</sup>



I M ... C ... Mr ...  
 authorized  
 "B" J ...  
 ...

Thus the public policy was confirmed by the Government.  
The Government had no objection to the wife being in the  
house as she was noted on the list. Finally in June, 1975,  
the Government issued the following proclamation:-

"The foregoing paper notes (inconvertible) shall  
eventually be converted into silver coin, be issued in June  
1914 and those redeemed shall be <sup>Co. 1000</sup> destroyed."

The sale of <sup>metal</sup> ~~the exchange~~ <sup>under the contract</sup>  
shall be regulated by <sup>fixed</sup> ~~the~~

Minister of Finance and the management thereof shall be  
~~of the Bank of Japan.~~ "Bank of Japan."

[illegible]









mode! laus

[illegible]

For these reasons, a revision of the Regulation was made in 1900 and the Bank Notes instead of being converted into specie, were redeemed by government notes, <sup>and were convertible</sup> convertible. Thus, the <sup>of the</sup> ~~poor~~ quality of the bank note was lost, ~~the bank note~~ <sup>and a certificate</sup> made by this revision, the Bank note became irredeemable notes.

[illegible]

(1) 300,000,000.







the ~~on~~ <sup>should also demand</sup> to the order of

~~should~~ <sup>When the unredempted notes</sup> ~~still~~ <sup>more notes unredempted</sup> ~~should~~ <sup>the redemption of</sup> ~~the~~ <sup>total</sup> ~~of~~ <sup>notes</sup>

~~into~~ <sup>into</sup> ~~operation~~ <sup>operation</sup> ~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>

~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~notes~~ <sup>notes</sup> ~~clearance~~ <sup>clearance</sup> ~~was~~ <sup>was</sup> ~~4,502,000~~ <sup>4,502,000</sup> ~~yen.~~ <sup>yen.</sup>





11. Ad: "The Right to Life" (Q)

- 23 (1) The U. S. Consular Report, Vol. XIX, No. 1, 1900.  
(2) General Hahnemann's Report on the same.



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-:- BIOGRAPHICAL SKETCH. -:-

The author, Masatoshi Takagi, was born in Tsuruoka, Yamagata Ken, Japan, December 10, 1867. In 1880, with his parents he moved to Yokohama. He was trained at the Chido-Kwan in Tsuruoka and afterwards at the Tsuruoka Academy. Later he entered the Anglo-Japanese College, Tokyo, Japan, from which he was graduated in 1885. After graduation he was elected instructor and interpreter in the Tokyo Anglo-Japanese College. In which capacity he served until he came to America in the fall of 1887. He entered Syracuse University, in the fall of 1887, and was graduated in 1891 with high honor, receiving the degree of Bachelor of Science. He spent the year 1891-92 at the Albany Business College. In the fall of 1892, he entered the Johns Hopkins University as a candidate for the degree of Doctor of Philosophy, selecting Economics as his major topic, with history and Social Science for his first and second subordinate topics.











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